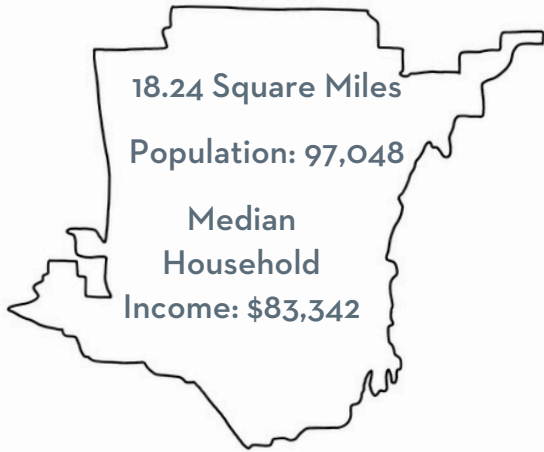

CITY OF OREM CITIZENS' BUDGET FY 2027

Orem City Hall
56 North State Street
Orem, UT 84057



FAMILY CITY USA





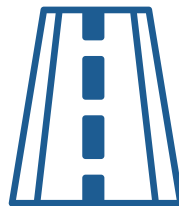
Incorporated in 1919, the City of Orem stands as a hub of commerce, education, and innovation. Orem is proud to call itself Family City USA.

US Census Bureau
Orem ACFR

2026 City Council Areas of Focus



Safe and Livable
Neighborhoods



Dependable
Infrastructure



Skilled and Talented
Workforce



Community-Focused
& Effective
Government



Thriving & Balanced
Business Environment



Align City Council,
City Employees,
and Citizens

LOCAL LEADERS



The City of Orem has a Manager-Council form of government, which allows for a full-time City Manager and part-time Mayor. The City Council consists of the Mayor and six Council members who are all elected at large. Each serve staggered four-year terms. The Mayor leads the City Council and has one vote (equal to the rest of the City Council). Elections in the City of Orem are non-partisan. The City Manager directs the executive affairs of the City.



Mayor
Karen McCandless
kamccandless@orem.gov



City Council
Jenn Gale
jgale@orem.gov



City Council
Quinn Mecham
qmecham@orem.gov



City Council
Chris Killpack
ckillpack@orem.gov



City Council
LaNae Millett
lmillett@orem.gov



City Council
Jeff Lambson
jlambson@orem.gov



City Council
Crystal Muhlestein
cmuhlestein@orem.gov

City Manager	Brenn Bybee
Assistant City Manager	Ryan Clark
Deputy City Manager/Management Services Executive Director	Keri Rugg
Chief Financial Officer.....	Brandon Nelson, CPA
Chief of Police	BJ Robinson
City Attorney	Steve Earl
Civic Engagement Executive Director/Public Information Officer.....	Peter Wolfley
Community Development Executive Director	Gary McGinn
Community Services Executive Director	Bryce Merrill
Fire Chief	Marc Sanderson
Public Works Executive Director	Chris Tschirki

Call or Text the City of Orem at 801-229-7000

WATER REUSE FACILITY

On March 10, 2026, the City of Orem opened a new Water Reuse Facility. The facility has a dual purpose of treating wastewater for irrigation purposes and removing phosphorus to reduce nutrients in Utah Lake. The total cost was \$21 million, with \$13.5 million from various grants and \$7.5 million from bonding and user fees.



THE BUDGET PROCESS



PREPARATION

In January, the Mayor and City Council meet to establish their Areas of Focus. A budget kickoff meeting is held to review expectations, constraints, and service level priorities. In the following months, city staff from each department collaborate to refine revenue projections, review operational requests, and align priorities with available resources.

The City of Orem's budget process is a structured, transparent, and policy-driven cycle designed to align financial resources with community priorities.

TENTATIVE OR INTERIM BUDGET

Standard: City Council Work Sessions are held throughout March and April, focusing on different aspects of the City's operations. If not pursuing a property tax increase, City Council votes to adopt the Tentative Budget in May.

Property Tax Increase: If the City is pursuing a property tax increase, the Truth in Taxation process begins. A tentative budget is made available to the public with the stated intent to increase property tax. The County Auditor and State Tax Commission are notified and prepare the new tax rate. A public hearing is held on the tentative budget. City Council votes to adopt the intended property tax rate. With any necessary adjustments made, City Council votes to adopt the tentative budget as the interim budget. The interim budget restricts the projected new property tax revenue from being spent until the final budget is adopted.

FINAL BUDGET ADOPTION

Notices of budget hearings and tentative adoption are included in residents' utility bills. Public hearings are held to allow residents to provide input on both the Tentative and Final Budgets. If there is no property tax increase, the City Council votes on adoption of the Final Budget in June.

If a property tax increase is being pursued, a public hearing is held in August, after which the City Council votes to adopt the final tax levy and final budget.

IMPLEMENTATION

City staff implement the priorities as established and funded by the budget. Any necessary adjustments are made through budget amendments. The Finance Department publishes the Annual Comprehensive Financial Report (ACFR) and prepares for the next fiscal year.

FY27 BUDGET TIMELINE

January 2026

- January 5 - Mayor and City Council establish Areas of Focus
- January 21 - Budget kickoff meeting where City staff review expectations, constraints, and service level priorities for the City

February 2026

- Finance Department establishes the base budget
- Budget sub-committee reviews fees & charges and revenue projections
- Budget expansion review meetings with departments and budget sub-committee

March 2026

- City departments submit any requests for personnel changes
- Tentative Budget adoption notice included in City utility bills

April 2026

- April 14 - City Council work session on revenue and compensation
- April 28 - City Council work session on operational changes, fleet, and IT

May 2026

- May 5 - City Council work session on Capital Improvement Projects (CIP)
- Notices of public hearings for budget adoption on utility bills
- May 12 - City Council vote to adopt FY27 Tentative Budget for consideration

June 2026

- June 9 - City Council vote to adopt FY27 Interim Budget and set a date for Truth in Taxation public hearing
- NOTE: The Interim Budget holds any spending from the proposed property tax increase in a restricted account until after the August Truth in Taxation hearings

July 2026

- Truth in Taxation public notice sent out by the County in late July

August 2026

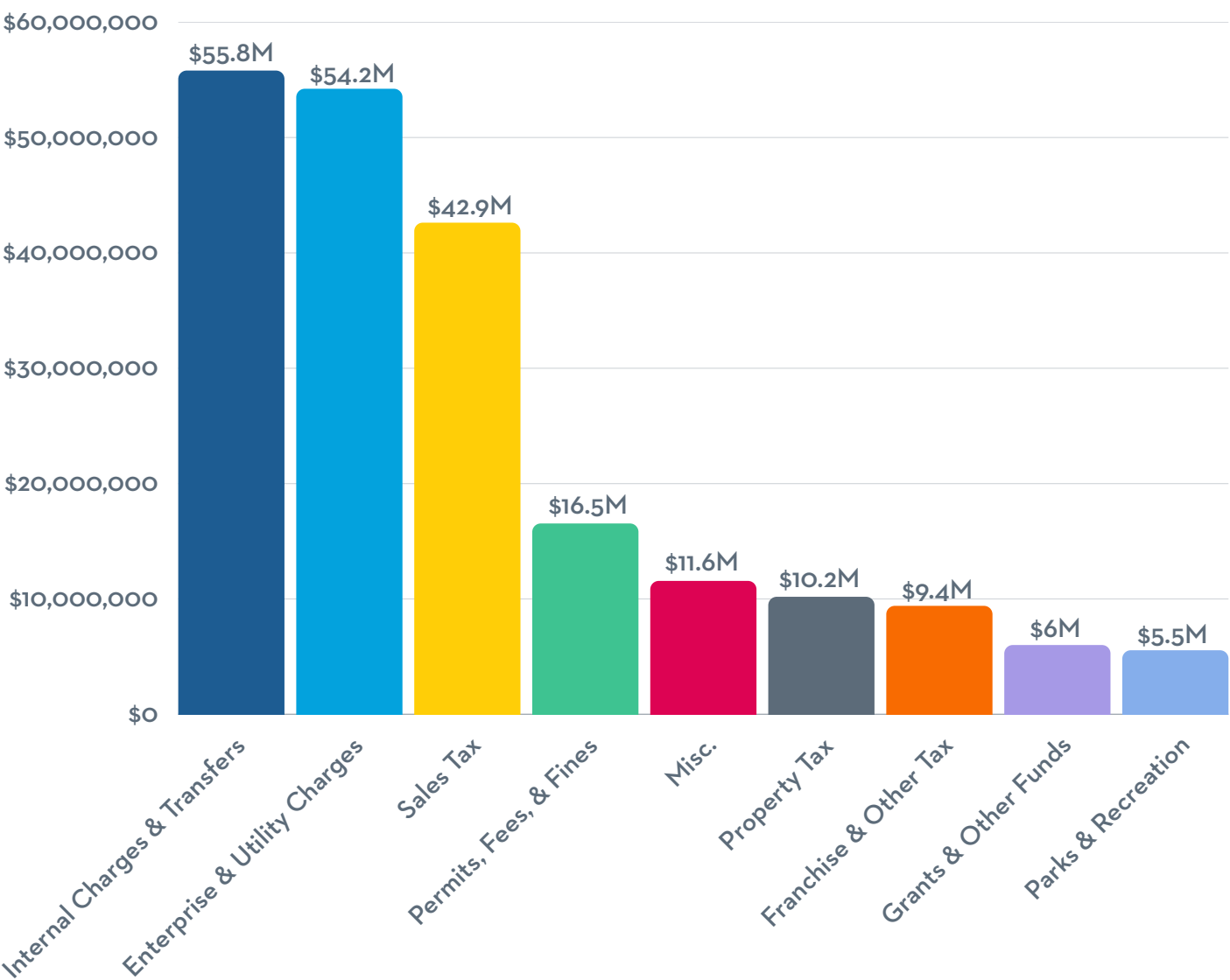
- Truth in Taxation public notice sent out by the City at least 14 days before hearing
- August 27 - Public hearing for property tax increase through Truth in Taxation process. City Council vote to adopt the final property tax levy and the FY27 Final Budget.

CITY-WIDE REVENUES



For the Fiscal Year 2027 (July 1, 2026 - June 30, 2027), the city-wide revenues are budgeted to total \$211,895,756, with \$156,088,333 representing the collection of new revenues and the remainder representing the transfer of funds.

Most of the City’s funds are supported by taxes or fees, such as sales tax supporting the General Fund and utility charges such as water fees in the Water Fund.

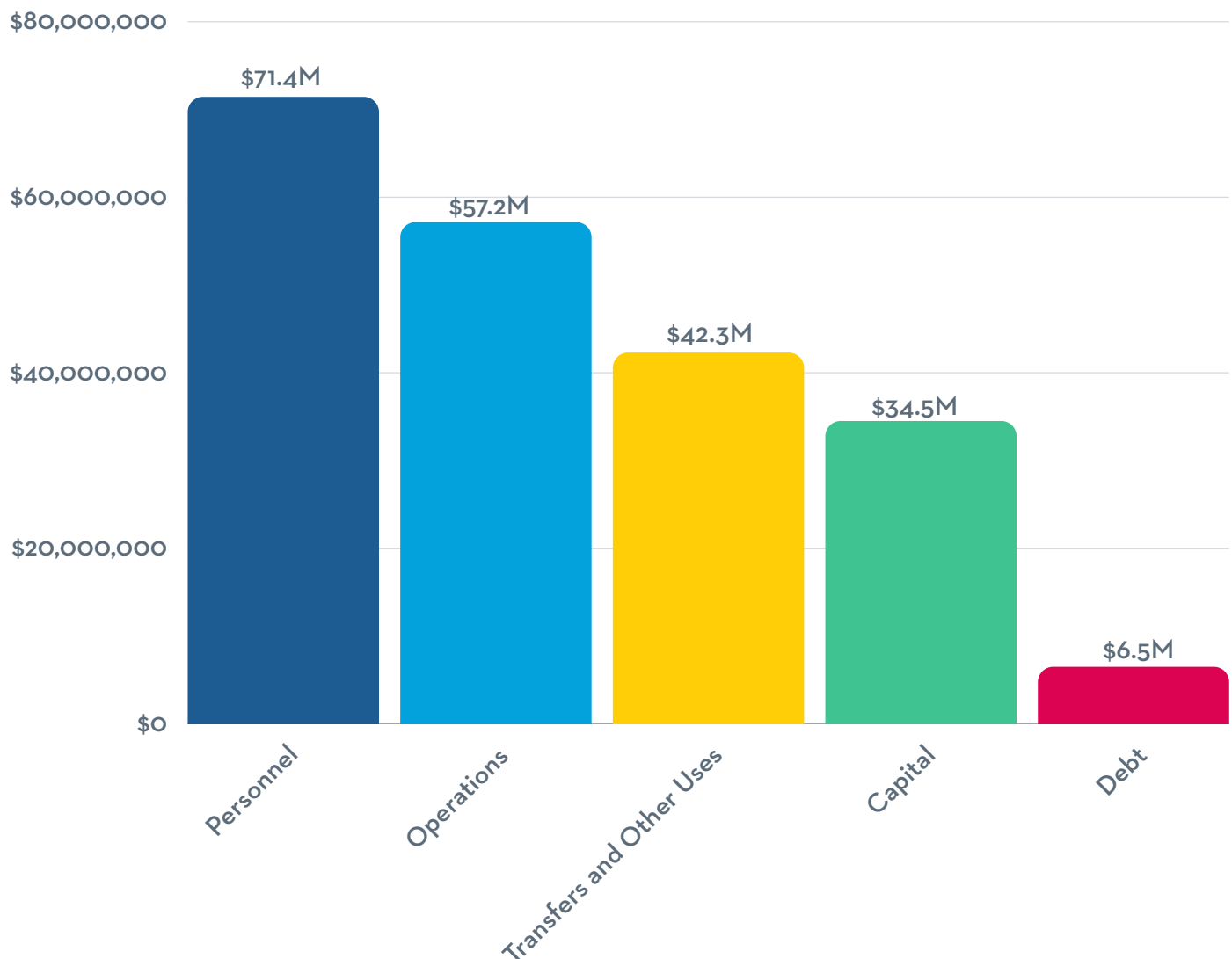


Total City-Wide Revenues: \$211,895,756

CITY-WIDE EXPENDITURES

When the City collects its revenues, it disperses the money into eight different kinds of funds, with 25 different funds in total. Each fund serves a specific purpose to support the City and the services it provides to Orem residents. Each of the major fund categories are outlined on Page 12.

At the city-wide level, expenditures are divided across five major expense categories.



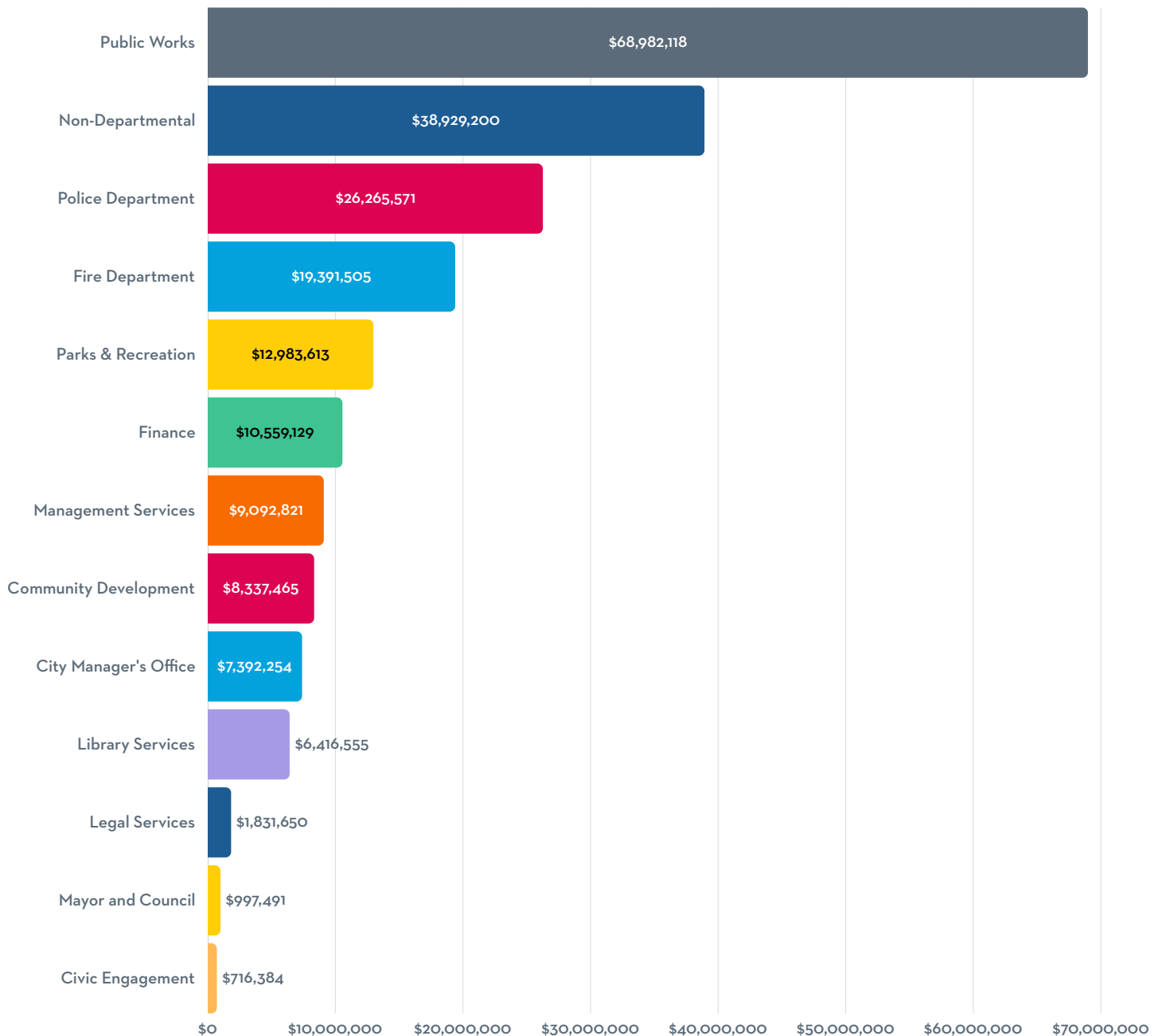
Total City-Wide Expenditures: \$211,895,756

EXPENDITURES BY DEPARTMENT



All of the departments across the City used budgeted funds to help Build a Better Orem. Non-departmental refers to expenditures that cannot be easily assigned to any operating department, such as inter-fund transfers and the City's pledge to UTOPIA fiber.

FY27 Expenditures by Department



Total City-Wide Expenditures: \$211,895,756

The City's budget is split into eight major categories of funds.

GENERAL FUND

The City's primary operating fund. Supports functions such as Parks and Recreation, the Library, and Community Development.



\$65.7M

ENTERPRISE FUNDS

Operations that are financed and operated similar to a private business, such as Water, Sewer, and the Fitness Center.



\$63.6M

PUBLIC SAFETY FUND

A special revenue fund that supports the critical services provided by the City's Police and Fire Departments.



\$45.3M

SPECIAL REVENUE FUNDS - TAX BASED

Revenues that are legally restricted or committed to special purposes, such as the Road Fund and CARE Tax.



\$17.5M

INTERNAL SERVICE FUNDS

Used to provide services to other parts of the City's organization, such as the Information Technology Fund.



\$11.6M

DEBT SERVICE FUNDS

Used to pay back the principal and interest on long-term government loans.



\$6.6M

CIP FUNDS

Funds used specifically for the developments of the City's capital improvement projects.



\$835K

SPECIAL REVENUE FUNDS - COMMUNITY BASED

Such as the Neighborhood Services and Orem Foundation Funds.



\$729K

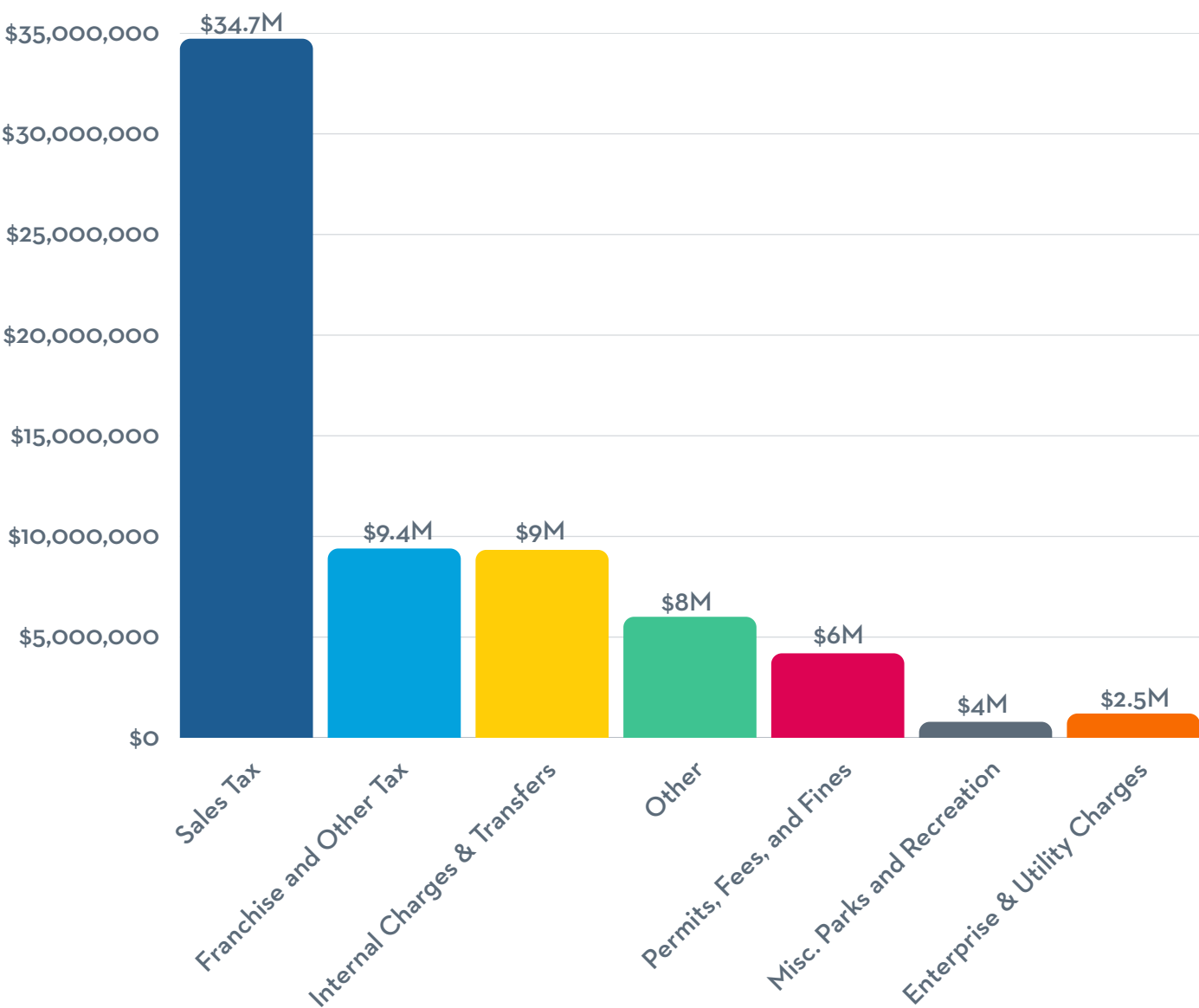
Total Revenues All Funds: \$211,895,756

GENERAL FUND REVENUES



As the City’s primary operating fund, the General Fund supports a wide variety of functions across the City, including Parks and Recreation, the Library, Public Works Administration, and Community Development.

Historically, property tax revenues were allocated to the General Fund. With the creation of a new special revenue fund (see page 15), all property tax revenue has been proposed to shift to the Orem City Public Safety Fund to support critical public safety services.



Total General Fund Revenues: \$65,652,819

PROPERTY TAXES

Property taxes are used by various taxing entities to fund operations and services to residents.

2025 Taxing Entities	2025 Tax Rate	2025 % of Total Property Taxes	Annual Property Tax on a \$513,000 Home in 2025
Schools (Local District & Statewide) 	0.005774	72.50%	\$1,629
Utah County 	0.001005	12.62%	\$284
City of Orem 	0.000755	9.48%	\$213
Special Districts 	0.000430	5.40%	\$121

City	2025 City Property Tax Rate	2025 Annual City Tax on \$513,000 Home
Vineyard	0.38%	\$1,071
West Valley	0.26%	\$746
Ogden	0.22%	\$619
Eagle Mountain*	0.19%	\$531
Provo	0.17%	\$473
American Fork	0.15%	\$432
Average City	0.14%	\$395
West Jordan	0.13%	\$375
South Jordan	0.13%	\$371
Payson	0.13%	\$367
Pleasant Grove	0.12%	\$333
Lehi	0.12%	\$328
Layton	0.11%	\$323
Springville	0.11%	\$304
Sandy	0.10%	\$296
Spanish Fork	0.10%	\$278
Saratoga Springs	0.10%	\$275
London	0.08%	\$222
Orem	0.08%	\$213

*Rate includes assessment for Unified Fire Authority (UFA)

Property values are assessed by Utah County, and each taxing entity sets their tax rate using the certified tax rate calculated by the Utah State Tax Commission. The certified tax rate is designed to provide each entity with the same amount of property tax revenue it received the year before, excluding new growth. As home values increase, property tax rates decrease.

If an entity wants to hold or increase their rate, they must pursue a Truth in Taxation process to notify residents and hold public hearings.

*Average Orem home value in 2025 was \$513,000, per Utah County Assessor. In the State of Utah, primary residences receive a 45% residential exemption, which means that primary residences are taxed on only 55% of the home's market value.

2026 PROPERTY TAX INCREASE



On August 27, 2026, the City of Orem passed a targeted \$450,000 property tax increase to hire and outfit two police officers covering their salaries, dedicated patrol vehicles, specialized equipment, and protective gear. The officers are needed to maintain emergency response, proactive policing, event security, specialized police programs such as school resource officers, and deliver the high public safety service levels our community expects.

HOW MUCH WILL THIS COST THE AVERAGE HOMEOWNER?

For a home valued at \$520,000 (the average assessed 2026 home value in Orem), the increase is approximately \$11.73 per year, or less than \$1.00 per month. The City approved a 7.01% increase in the total property tax it collects, for a total of \$450,000. However, because the entire property tax increase is going into the newly created Public Safety Fund, Utah County's tax notice shows it as a "100% increase." This is how new funds are shown on the notice; it doesn't mean your total tax bill has doubled. The actual increase to your city taxes is 7.01%.

WHY DIDN'T THE CITY JUST MAKE CUTS IN OTHER DEPARTMENTS?

The City of Orem continually reviews its budgets to identify cost savings and ensure tax dollars are used efficiently. Our other municipal departments, such as parks, roads, water, etc., are already operating on highly optimized and stretched budgets. Cutting their funding to cover police expenses would mean reducing community services, delaying repairs, and neglecting important maintenance.

Hiring new officers is a permanent, long-term financial commitment that temporary budget trims cannot cover. Using a dedicated property tax that can only be spent by the police department ensures our law enforcement efforts are backed by a stable, reliable revenue source that doesn't compromise other city services.

DOES THE CITY AUTOMATICALLY GET MORE MONEY WHEN HOME VALUES GO UP?

No. In Utah, cities receive the same dollar amount of property tax revenue as the previous year regardless of whether property values increase. Unless there is new growth, the only way property tax revenues can increase is for the City to go through the Truth-in-Taxation process.

Revenue-Driven, Not Rate-Driven – Cities are guaranteed prior-year revenue. As property values rise, the certified rate automatically decreases. Rates only go up when a city goes through the Truth-in-Taxation process.

Truth-in-Taxation Hearings – Any city wishing to collect more revenue than the prior year must hold a public Truth-in-Taxation hearing. This makes sure residents are aware and invited to weigh in before a vote.

2026 PROPERTY TAX INCREASE

CONTINUED



HOW WILL THE CITY REPORT BACK TO RESIDENTS?

Utah state law requires cities to explicitly declare the purpose of any property tax increase, and it cannot be diverted to other city projects or services. These funds are entirely locked into funding two police officers. To ensure accountability, the City Council has created a dedicated Public Safety Special Revenue Fund and has dedicated all property taxes, including this increase, into this fund. This fund will be independently audited each year and submitted directly to the Utah State Auditor. Please see the following page for more information on the Orem Public Safety Fund.

HOW DID RESIDENTS MAKE COMMENTS?

Residents were invited to make comments on the property tax increase in-person at City Council meetings. Comments were accepted on May 26, June 9, June 23, July 14, July 28, August 11, and August 27 meetings. The final decision to adopt the property tax increase was made at the August 27th meeting following the Truth-in-Taxation hearing.

WHAT RESOURCES EXIST FOR TAX RELIEF?

The State of Utah and Utah County offer several tax relief and abatement programs to help reduce the burden on vulnerable homeowners. Qualifying residents can apply for the following programs:

- **The Circuit Breaker Program (Low-Income Senior/Widow Abatement):** Available to homeowners age 67 or older (or surviving spouses of any age) who meet specific household income limits. This program can significantly reduce your property tax bill by providing a direct credit and a reduction in your home's taxable value.
- **Indigent/Extreme Hardship Abatement:** For individuals under age 67 who are experiencing severe financial hardship or have a verified disability that impacts their income.
- **Property Tax Deferral:** For senior homeowners (typically age 75+), this program allows you to defer paying your property taxes entirely. The taxes accrue at a reduced interest rate and do not become due until the home is eventually sold or transferred.
- **Veteran and Blind Exemptions:** Dedicated property tax exemptions are also available for disabled veterans (or their unmarried surviving spouses) and individuals who are legally blind.

How to Apply: These programs are administered by Utah County. Applications must be submitted by September 1st to reflect on your current year's tax notice. To check current income limits, verify qualifications, or request an application, you can contact the Utah County Clerk/Auditor's Office at (801) 851-8236 or visit their website.

NEW PUBLIC SAFETY FUND

WHAT IS THE “OREM CITY PUBLIC SAFETY FUND”?

As permitted under Utah State Code, the City has created a dedicated “Special Revenue Fund” for Public Safety. This new fund maximizes transparency as all public safety operations have been moved out of the General Fund and into a distinct, isolated fund structure. This will ensure that residents are provided with a clear view of the exact revenues and expenditures driving our police, fire, and emergency services.



WHY ESTABLISH A SPECIAL REVENUE FUND?



Improves transparency as residents can clearly identify public safety revenues and expenses.



Ensures stable funding for the Orem Police Department and the Orem Fire Department.

CONSIDERATION PROCESS

The City Council deliberated dedicating all property taxes to the Orem City Public Safety Fund. While the fund itself was established on June 9, 2026, property tax revenues were not immediately attached to it. The final decision was made following a public hearing on August 27 at 6:00 p.m. Throughout the process, residents were invited to share their feedback either digitally or in person at designated City Council meetings. Pages 15 and 16 provide more information on the property tax increase consideration process.



HOW WILL THIS WORK FOR 2026 TAXES?

- Decrease the current “Orem City General Operations” property tax amount by 100%.
- Shift all current “General Operations” property tax into new line item “Orem City Public Safety.” Because this is a “new” tax, the reported increase for this new line item will be 100%.

In FY27, total property tax will only cover approximately 20% of total public safety expenditures. The remainder will be covered through existing public safety revenues and a transfer from the General Fund. The Public Safety Fund will help support Orem Police and Fire as they protect and serve our community.

SALES TAX AND CARE TAX

SALES TAX

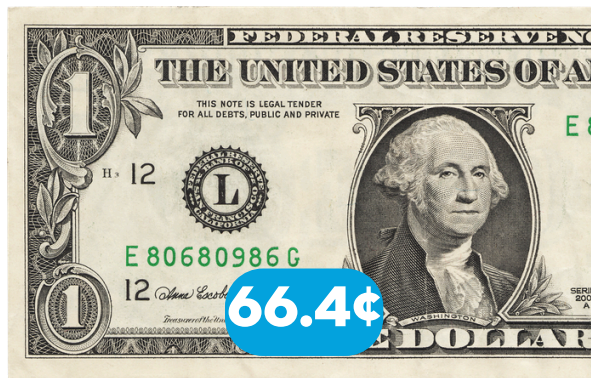


Every dollar of sales tax collected in Orem gets split between various taxing entities.

The total sales tax rate in Orem is 7.45% and is split among the following entities:

- 4.85% State of Utah
- 1.00% City of Orem
- 0.55% Mass Transit and Mass Transit Fixed Guideway
- 0.45% Utah County Airport, Highway, and Public Transit Tax
- 0.25% Utah County
- 0.25% Transportation Infrastructure
- 0.10% Orem's CARE Tax

City of Orem
+ CARE Tax



State of Utah



Other Taxing
Entities

In November 2005, Orem voters approved one tenth of a percent of local sales and use tax to be dedicated to CARE. In 2023, Orem voters renewed the CARE Tax for an additional 10 years. For every ten dollars spent in Orem, one penny is collected for the CARE tax.

The purpose of the CARE (Cultural Arts & Recreation Enrichment) tax is enhance recreation and cultural arts in Orem, providing community benefits and opportunities for all. CARE tax funds have been used for many projects in Orem, including the All-Together Playground, Family Fitness Center, Outdoor Stage at City Center Park, and Bike Park at Mt. Timpanogos Park.

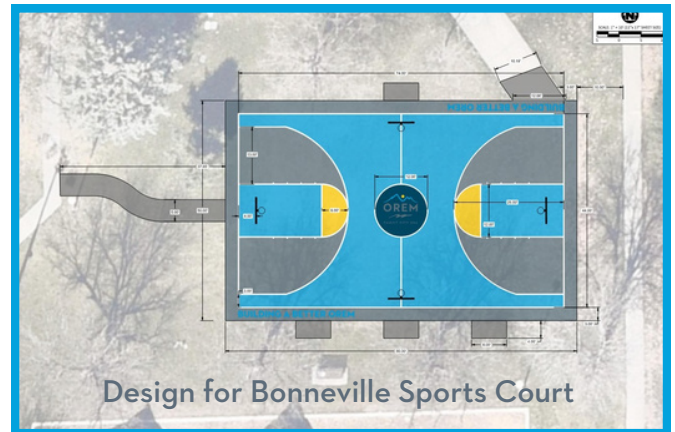
CARE TAX



CAPITAL IMPROVEMENT

Capital Improvement Projects refer to investments and enhancements that improve public facilities and infrastructure . These projects are funded by various means (e.g. grants, bonds, etc.). Exciting capital projects planned for FY27 include:

Parks Improvements including Bonneville Sports Court, Lakeside Park Playground Replacement, a pump track at Community Park, City Center Wayfinding, tree planting, and more!



Design for Bonneville Sports Court

Major projects such as Cemetery Master Plan Projects, Library Phase 3, Public Safety Parking Lot Pedestrian Crossing, and restoring Fire Engine 1.



Artist Rendering of Cemetery Reflecting Pool & Plaza

Phase 1 of the HeART of Orem project, Orem's new urban core envisioned to become the center of community gathering, economic activity, and arts and culture-focused experiences.



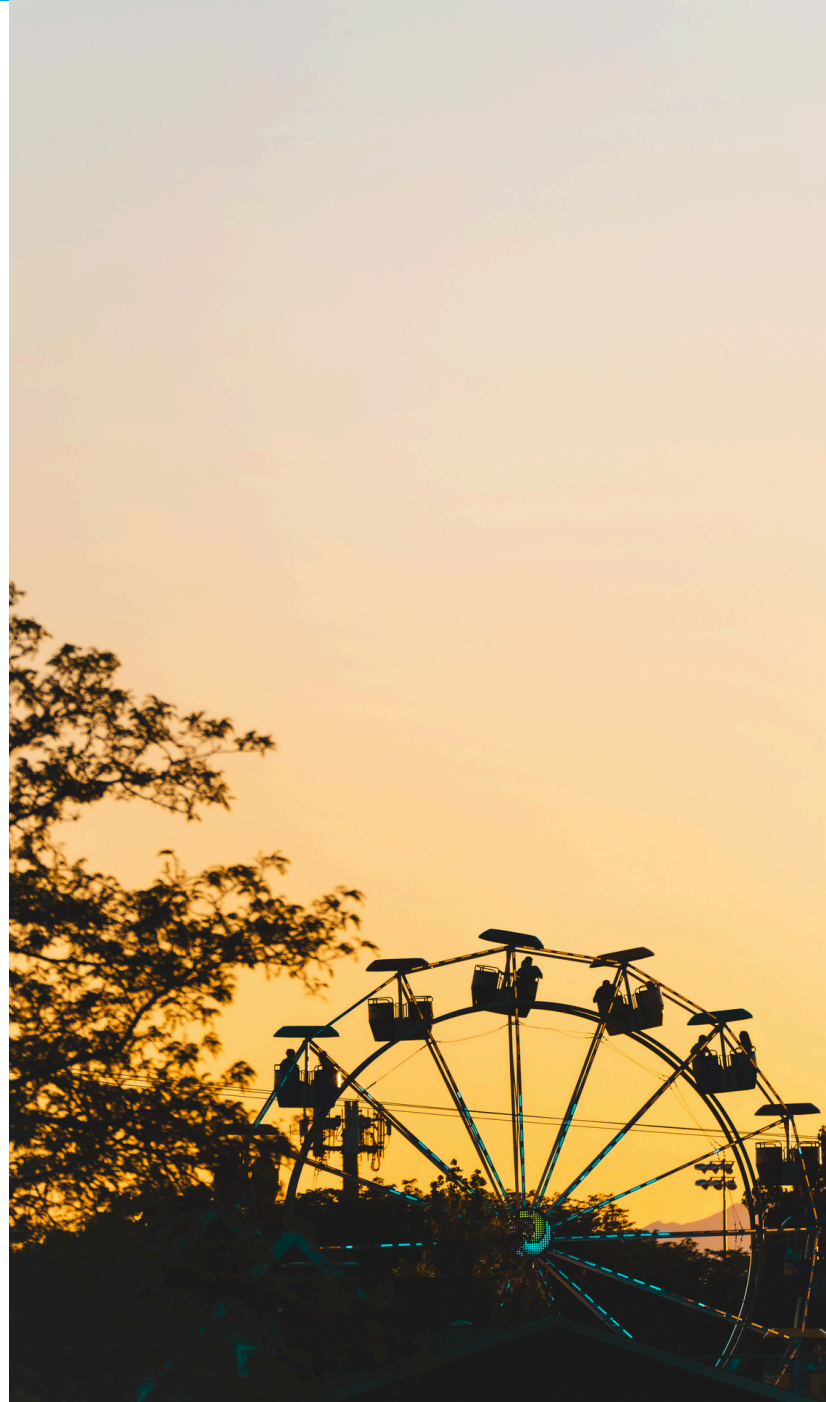
Artist Rendering of HeART of Downtown

Capital Improvement Projects Total: \$27,838,567

BEST OF OREM: FY26



- Top 10 Most Livable City in Utah - Area Vibes
- \$30 million in grant funding since 2022
- myHometown initiative continued in Geneva Heights and expanded to Sharon Park with a Community Resource Center and service projects
- Welcomed 714 new businesses last year
- Dedicated Utah County's only Gold Star Family Monument
- #3 best place for women in tech in USA
- Earned the Excellence in Financial Reporting for the 38th year in a row
- #8 best mid-sized city for STEM professionals in USA
- Opened a state-of-the-art water reuse facility, recycling 18.5 million gallons of water in its first full month of operation
- #7 best city for new college grads
- Remains the retail hub of Utah County
- Continued improvements to City Center, including opening the Library Greenhouse
- #9 most dynamic metro in USA
- Celebrated Orem's 107th birthday
- #14 most educated city in the USA
- Saw an average of 3,700 weekly visitors to the Orem Farmer's Market
- Welcomed over 110,000 attendees to Oremfest
- Saw over 3 million visits to Orem's city parks



Thank you for taking the time to review the Citizens' Budget. The City of Orem's budget process is designed to align financial resources with community priorities, and it would not be possible without residents like you. Together, we are Building a Better Orem!



FAMILY CITY USA